

ENVIRONMENTAL SERVICES DEPARTMENT

Impact Analysis Report

OVERVIEW

The Environmental Services Department administers two fee programs as part of the Integrated Waste Management Program: Source Reduction and Recycling Fees (AB939 Fees), which are described further in Exhibit A, and Franchise Application Fees.

Projected fee revenue for 2007-2008 totals \$4.155 million. This represents an increase of \$364,000 from 2006-2007, reflecting revenue projections based on the latest activity levels in the Commercial Solid Waste AB939 fee.

SUMMARY AND IMPACT OF ADOPTED FEE REVISIONS

No fee changes were approved for 2007-2008.

Commercial Solid Waste AB939 Fee – For 2007-2008, no change was approved for Commercial Solid Waste AB939 fee. Fees remain at \$0.89 per cubic yard for loose commercial solid waste and \$2.67 for compacted commercial solid waste. The equivalent weight-based AB939 fee for collection from City facilities remains at \$14.83 per ton to stay in parallel with the volumetric (cubic yard based) fee. In addition, the Commercial Solid Waste Franchise Fees (to be adopted through a separate resolution outside this document) remain unchanged at \$3.67 per cubic yard for loose commercial solid waste and \$11.01 per cubic yard for compacted commercial solid waste. The total Commercial Solid Waste fee load (AB939 and Franchise Fees), remain at \$4.56 per cubic yard (for loose waste) and \$13.68 per cubic yard for compacted waste. It

should be noted that the current commercial solid waste fees and the recycling/ diversion rate continue to remain among the lowest in the area.

Landfill AB939 Fee – The County AB939 fee charged at landfills and transfer/processing stations remains at \$3.72 per ton of disposed waste. Pursuant to agreements between San José and Santa Clara County, \$1.50 per ton of this amount is distributed to the cities for activities related to recycling and \$2.22 is used by the County and participating cities for Household Hazardous Waste programs. The City does not collect a separate fee as long as the County-wide fee is in effect.

NOTIFICATION

The Proposed Fees and Charges Report was released on May 4, 2007 allowing for the minimum of ten days for public review. Public input on fee proposals was heard by the City Council during public hearings held on Tuesday, May 15, 2007 and Monday, June 11, 2007 at 7:00 p.m. in the City Council Chambers.

DEPARTMENTAL FEES AND CHARGES

ENVIRONMENTAL SERVICES

| Service | 2006-2007 Adopted Fee | 2006-2007 % Cost Recovery | 2007-2008 Adopted Fee | 2007-2008 Estimated Cost | 2007-2008 Estimated Revenue | | 2007-2008 % Cost Recovery | |
|---|---|---------------------------------|--------------------------|--------------------------------|--------------------------------|----------------|------------------------------|----------------|
| | | | | | Current Fee | Adopted Fee | Current Fee | Adopted Fee |
| ENVIRONMENTAL SERVICES FEES - CATEGORY I | | | | | | | | |
| 1. Franchise Application Fees | | | | | | | | |
| 1 Commercial Solid Waste Application Fee | \$195 per application | | No Change | | | | | |
| Sub-total Franchise Application Fees | | 100.0% | | 390 | 390 | 390 | 100.0% | 100.0% |
| SUB-TOTAL ENVIRONMENTAL SERVICES FEES - CATEGORY I | | 100.0% | | 390 | 390 | 390 | 100.0% | 100.0% |
| ENVIRONMENTAL SERVICES FEES - CATEGORY II | | | | | | | | |
| 1. Source Reduction and Recycling | | | | | | | | |
| 1 Commercial Solid Waste | \$0.89/uncompacted cubic yard collected; \$2.67/compacted cubic yard collected (paid by generators) effective August 1, 2006 | 78.5% | No Change | 4,727,197 | 3,023,081 | 3,023,081 | 64.0% | 64.0% |
| 2 Commercial Solid Waste - City Facilities | \$14.83 per ton collected from City facilities in rolloff boxes | | No Change | | 131,600 | 131,600 | | |
| 3 Landfill | \$3.72 per ton (\$1.50 per ton San José portion - fee collected by County; \$2.22 per ton - fee collected by the County for Household Hazardous Waste Programs) | | No Change | | 1,000,000 | 1,000,000 | | |
| Sub-total Source Reduction and Recycling | | 106.7% | | 4,727,197 | 4,154,681 | 4,154,681 | 87.9% | 87.9% |
| SUB-TOTAL ENVIRONMENTAL SERVICES FEES - CATEGORY II | | 106.7% | | 4,727,197 | 4,154,681 | 4,154,681 | 87.9% | 87.9% |

DEPARTMENTAL FEES AND CHARGES

ENVIRONMENTAL SERVICES

| Service | 2006-2007 Adopted Fee | 2006-2007 % Cost Recovery | 2007-2008 Adopted Fee | 2007-2008 Estimated Cost | 2007-2008 Estimated Revenue | | 2007-2008 % Cost Recovery | |
|-------------------------------------|--------------------------|---------------------------------|--------------------------|--------------------------------|--------------------------------|----------------|------------------------------|----------------|
| | | | | | Current Fee | Adopted Fee | Current Fee | Adopted Fee |
| TOTAL DEPARTMENT - NON-GENERAL FUND | | | | 4,727,587 | 4,155,071 | 4,155,071 | 87.9% | 87.9% |
| TOTAL DEPARTMENT - Category I | | | | 390 | 390 | 390 | 100.0% | 100.0% |
| TOTAL DEPARTMENT - Category II | | | | 4,727,197 | 4,154,681 | 4,154,681 | 87.9% | 87.9% |
| TOTAL DEPARTMENT | | | | 4,727,587 | 4,155,071 | 4,155,071 | 87.9% | 87.9% |

***SOURCE REDUCTION AND RECYCLING ELEMENT PROGRAMS
FUNDED FROM AB939 FEES***

General Solid Waste Management

Provides oversight, analysis, and coordination of all Source Reduction and Recycling Element programs and activities.

Source Reduction

Provides public information and education, sampling of public opinion to determine attitudes about source reduction issues, and evaluation of different types of educational approaches, including back yard composting programs. Works with Non-Profit Recyclers and other local organizations to promote source reduction and reuse.

Commercial Recycling

Provides outreach, technical assistance, and educational assistance to the commercial sectors of the City. Also manages non-exclusive hauling franchises and the Construction & Demolition Recycling Program. Develops and implements programs to reach the City's waste reduction and diversion goals.

Evaluation Component

Provides evaluation of the effectiveness of and participation rates for the department's recycling programs, and makes recommendations for improving programs.

Market Development

Provides policy and technical analysis, program promotion, contingency planning, legislative advocacy, expansion of local recycling manufacturing activities, and expansion of City procurement of recycled products.

Civic Recycling

Provides storage containers, training, and recycling services for public areas, parks, and other City facilities. Administers City/ County Funding from the State Department of Conservation for beverage container recycling. Coordinates with other City departments and outside agencies regarding litter control.